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Beth Bosch
Brian Sterling

ICC Approves Results of First Power Auction New Rates Effective in January

The Illinois Commerce Commission today determined that it would not investigate the results of the state's first auction to procure electric power for fixed-price customers of Commonwealth Edison Company and the Ameren companies: Central Illinois Light Company, Central Illinois Public Service Company and Illinois Power.

The vast majority of Illinois electric customers, including almost all residential and small commercial customers, purchase their electricity under a fixed-price arrangement.

The Commission did, however, decide to investigate the auction results from the hourly, or "real-time" pricing section of the auction. A small percentage of the state's electric customers currently participate in this optional pricing format. Typically, these customers are industrial customers whose electricity demand is quite large.

The Commission's decision will be forwarded to the independent auction manager, NERA Economic Consulting. NERA is expected to declare a successful auction tomorrow and publicly release the final power prices for customers who purchase their power under a the fixed-price format.

Commission Chairman Charles Box said the Commission was pleased that the state's first power auction proceeded "smoothly and efficiently.

"The auction was very competitive. The rules and safeguards designed to protect the integrity of the auction worked well. This is a crucial step in the development of a truly competitive marketplace for electricity in Illinois, as the General Assembly called for in 1997," he said.

Under the rules for the Illinois auction, the Commission was to decide by 5 p.m. Friday, Sept. 15, 2006, whether to initiate an investigation regarding the auction.

The auction began Sept. 5 and concluded Sept. 8. More than 20 suppliers registered to bid and bidders submitted bids via the internet.

The ICC staff, along with representatives of Boston Pacific, the auction monitor, prepared a report on the auction, and delivered it to the Commission on Sept. 12. NERA prepared a separate report, which also was provided to the Commission at that time.

Each of the utilities will calculate the electricity charges for each rate class, such as residential, commercial and industrial, and will file them with the Commission within the next nine to 12 days. ICC staff will review the tariff filings. The price of electricity is a straight pass-through to the customer.

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Auction approval/add one

New electric rates for all utility customers will apply to electricity usage beginning Jan. 2, 2007.

The new rates will be the first rate increase since before 1997. In 1998 electricity prices were reduced by 15 percent for residential customers of ComEd and Illinois Power, with an additional 5 percent reduction during 2001 for ComEd customers, and 2002 for Illinois Power customers. Other utilities reduced residential rates by lower percentages, and rates remained frozen through the end of 2006.

The total cost for utility customers buying power from their utility will be the sum of electricity costs plus a delivery service charge. The Commission is currently considering proposals for delivery service rate increases for ComEd and the Ameren companies. Delivery service rates amount to approximately 20 to 30 percent of a customer's electric bill.

Also pending before the Commission are proposals from ComEd and the Ameren companies to allow new rates to be phased in over several years. Final orders in those cases are expected later in the fall.

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